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Pillar Holdings Limited

**DIRECTORS' REPORT AND ACCOUNTS**

For the 15 months ended

**31st October 1967**





## Directors' Report and Accounts

for the 15 months ended 31st October, 1967

This gold anodised entrance screen demonstrates the harmony between modern aluminium fabrication and the craft of the glass worker. Standard Glostal aluminium sections, extruded and anodised by Independent Aluminium Extruders Limited and supplied by Architectural Anodising Limited, can be used for special purposes such as this.



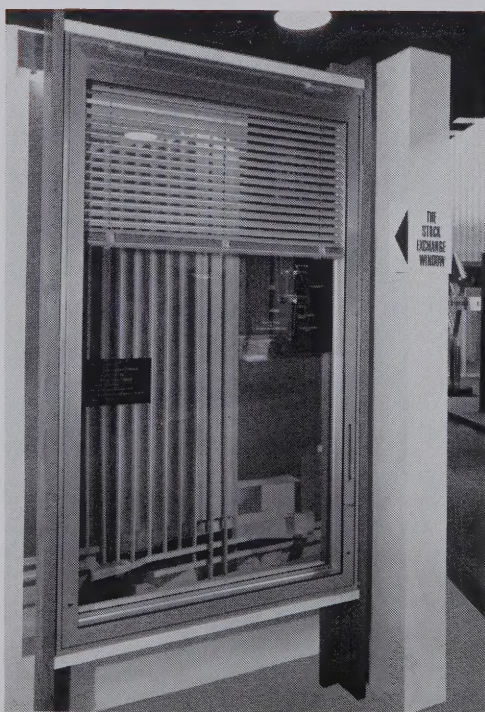


## The Mellows & Company Limited Group

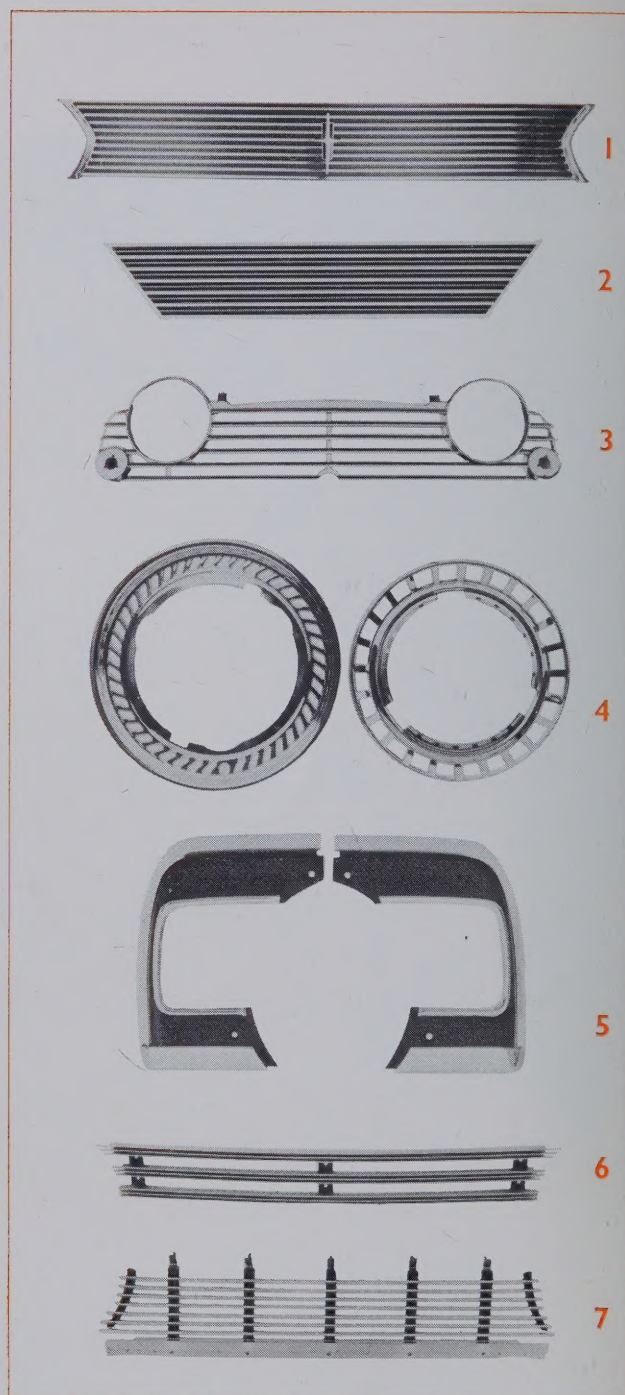


Window display on the Mellows/Archital stand at the 1967 International Building Exhibition in London. The Mellows Group is one of the largest metal window fabricators in the United Kingdom.

The new Stock Exchange building in the City will incorporate 1366 double-glazed aluminium windows with a venetian blind in each cavity, 256 louvred windows and 20,000 sq. ft. of patent glazing, to a value in excess of £200,000. These have been designed by Luxfer Building Products Limited, part of the Mellows Group. Architects—Fitzroy Robinson & Partners in conjunction with Llewellyn-Davies, Weeks & Partners. Contractors—Trollope & Colls Limited.



## Bright anodised aluminium by Pressweld



### Above

1. Ford Zephyr 6 de luxe front grille.
2. Singer Chamois front grille.
3. Triumph TR5 radiator grille.
4. Ford wheeltrim (left).  
Vauxhall wheeltrim (right).
5. Ford Zodiac parking lamp bezels.
6. Triumph Herald 13/60 radiator grille.
7. Ford 2000E Corsair radiator grille.



## Directors and Officials of the Company

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**Directors**

J. A. PATERSON (Chairman)  
D. FREDJOHN (Managing; Managing Director of Pillar Aluminium Limited)  
H. BART-SMITH  
G. E. BORRETT, M.B.E.  
G. W. FLINT  
B. MANNING (Managing Director of Pillar Commercial Companies Limited)  
D. R. MILLER, C.A. (Financial)  
R. W. REYNOLDS (Executive Assistant to the Chairman)  
P. SHELBOURNE  
J. D. B. SMITH, C.B.E., D.S.O., C.D. (Managing Director of Pillar Engineering Limited)  
H. S. O. P. STEDALL, O.B.E.  
M. B. P. STEDALL, O.B.E., T.D.

**Secretary**

A. C. R. ELLIOTT

**Chief Accountant** A. N. COPLEY, A.C.A.

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**Registrars**

CHARTERHOUSE REGISTRARS LIMITED  
Granby House, 95 Southwark Street, London, S.E.1

**Bankers**

ROYAL BANK OF SCOTLAND  
WESTMINSTER BANK LIMITED

**Solicitors**

LINKLATERS & PAINES

**Auditors**

McCLELLAND, MOORES & CO.  
COOPER BROTHERS & CO.

## Notice of Meeting

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NOTICE IS HEREBY GIVEN that the FORTY-SECOND ANNUAL GENERAL MEETING of Pillar Holdings Limited will be held at 20 Aldermanbury, London, E.C.2, on Friday, 29th March, 1968, at 12 noon, for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as Ordinary Resolutions:—

1. That the Directors' Report, Statement of Accounts and Auditors' Report for the 15 months ended 31st October, 1967, be received and approved.
2. That a final dividend be declared for the 15 months ended 31st October, 1967, of  $8\frac{1}{4}$  per cent., gross, on 24,381,761 Ordinary Shares of 2s. each in the capital of the Company, such dividend to be payable on 10th April, 1968, to Members on the Register at the close of business on 14th March, 1968.
3. That Mr. P. Shelbourne be re-elected as a Director.
4. That Major-General J. D. B. Smith be re-elected as a Director.
5. That Mr. H. S. O. P. Stedall be re-elected as a Director.
6. That Mr. M. B. P. Stedall be re-elected as a Director.
7. That the Directors be authorised to fix the remuneration of the Auditors.

LEE HOUSE,  
LONDON WALL,  
LONDON, E.C.2.

6th March, 1968.

By Order of the Board,  
A. C. R. ELLIOTT,  
*Secretary.*

### NOTES:

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the Company.
2. There are available for inspection at the Registered Office of the Company, Lee House, London Wall, London, E.C.2, during usual business hours on any week-day (Saturdays excepted):
  - (a) A Register of all interests and transactions of each Director in the equity share capital or debentures of the Company and any of its subsidiaries.
  - (b) A Register of Shareholders individually holding shares of a nominal value equal to one-tenth or more of the nominal value of the Company's share capital.
  - (c) A statement for the period 1st November, 1967, to 31st January, 1968, of all transactions of each Director in the equity share capital of the Company and any of its subsidiaries.

Such documents will also be available for inspection at the place of Meeting for at least 15 minutes prior to and during the Meeting.



## Report of the Directors

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To be presented to the 42nd Annual General Meeting to be held on Friday, the 29th day of March, 1968, at 12 noon.

The financial year-end of the Group having been changed to 31st October, the Directors submit their report and the audited accounts for the fifteen months ended 31st October, 1967.

### Profit

The profit of the Group attributable to the Members of Pillar Holdings Limited, after providing for taxation thereon, amounted to £1,118,266.

The profit dealt with in the accounts of the holding company was £586,030. With the addition of the unappropriated profit of the holding company brought forward from the previous year, namely £444,784, the balance of profits available for distribution is £1,030,814.

### Appropriations

A first interim dividend on 19,925,881 Ordinary Shares of 2s. each of 15 per cent. gross, amounting to £298,888 was paid on 21st June, 1967, in respect of the fifteen month period ended 31st October, 1967. A second interim dividend on 24,381,761 Ordinary Shares of 2s. each of 17½ per cent. gross, amounting to £426,681 was paid on 20th December, 1967, in respect of the same period. The Directors recommend a final dividend for the fifteen month period, on the same capital, of 8¼ per cent. gross, absorbing a further £201,150. This final dividend will, if approved, be paid on 10th April, 1968, to Members on the Register at the close of business on 14th March, 1968.

After providing for the foregoing, the unappropriated balance of the holding company carried forward to the next year is £104,095.

### Changes in the Composition of the Group

Since 31st July, 1966:—

The Group has acquired the entire issued share capital of Faulkner Greene & Company, Limited and Aeroparts Limited, both public quoted companies, and of Frank Pitts & Company Limited, a private company.

The Group has acquired (i) the outstanding 50 per cent. of the issued share capitals of Luxfer Building Products Limited, Keizer Howard Limited and Pressweld Aluminium Limited, not already owned by it; (ii) the outstanding 42 per cent. of the issued share capital of Precision Metal Forming Limited, not already owned by it; (iii) a further 40 per cent. of the issued share capital of Indalpress Aluminium Profil G.m.b.H., bringing the Group's holding to 90 per cent.; (iv) a further 11 per cent. of the issued share capital of Acorn Ano-Coil Limited, bringing the Group's holding to 62 per cent.; (v) a further 34.5 per cent. of the issued share capital of Clearline Electronics Limited, bringing the Group's holding to 83.5 per cent.; and (vi) a further 4.6 per cent. of the issued share capital of West Riding Communal Aerials Limited, bringing the Group's holding to 63.6 per cent.

Indal-Canada Limited ("Indal Canada") has acquired (i) the outstanding 25 per cent., 49 per cent. and 25 per cent. of the issued share capitals of Fashion Grilles Limited, Lite Metal (Products) Limited and Westland Metals Limited respectively; (ii) an additional 32 per cent. of the issued share capital of Indalprime Limited, bringing its holding to 80 per cent.; (iii) an additional 25 per cent. of the issued share capital of Aluminum Colored Products Manufacturing Limited, bringing its holding to 75 per cent.; and (iv) an additional 26.5 per cent. of the issued share capital of Eastland Metals Limited, bringing its holding to 78 per cent. Fashion Grilles Limited has increased its holding in Custom Rollforming Company Limited from 50 per cent. to 50.01 per cent. The shares in Westland Metals Limited and Eastland Metals Limited were purchased after 31st October, 1967, as was 24.5 per cent. of the issued share capital of Indalprime Limited.



## Report of the Directors continued

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The Group has disposed of 12½ per cent. of its investment in Pressweld Limited in partial satisfaction of the consideration for the outstanding shares in Pressweld Aluminium Limited. Since 31st October, 1967, the Group's investment in K.W. Chemicals Limited has been reduced from 65 per cent. to 58 per cent., on the exercise of an option by the minority shareholder, a subsidiary of Pechiney St. Gobain of France. N.F. Properties Limited has been placed in Members' voluntary liquidation.

The Group has disposed of the custom curtain-wall contracting business of Archital Limited ("Archital") to Crittall-Hope Limited. Following such disposal, the greater part of the establishment of Archital was transferred to Alcan Industries Limited ("Alcan") and the Group acquired the outstanding 50 per cent. of the issued share capital of Archital, in exchange for cash and additional Ordinary Shares in Mellows & Company Limited ("Mellows"). Archital's aluminium entrance and shopfront component business is now carried on by Architectural Anodising Limited, a wholly-owned subsidiary in the Pillar Aluminium Limited Group. Archital, with its remaining activities of aluminium window manufacturing and shopfitting, is now a wholly-owned subsidiary of Mellows, which is itself owned as to 75 per cent. by the Group and as to 25 per cent. by Alcan.

The Group has merged its machine tool activities with those of Derek Hartle Limited. The combined businesses are now comprised in a group, merchanting new and second-hand machine tools, owned by Hartle Stedall Limited whose share capital is held as to 51 per cent. by the Group and as to 49 per cent. by Derek Hartle Limited.

Agreement has been reached for the merger of Société Industrielle et Commerciale Pour l'Emploi de l'Aluminium dans le Bâtiment ("Alubat"), the French architectural fabricating company in which the Group has a 25 per cent. interest, with A.C.P.M. Studal S.A., a subsidiary of Cegedur G.P., part of the Pechiney Group of France. The new company, in which the Group will hold an 8.5 per cent. interest, will be one of the largest architectural fabricating companies in France.

The Group has formed a new company, Aluminium Home Improvements Limited, to engage in the distribution and sale, directly to customers, of aluminium products for the improvement, principally, of domestic housing.

### Directorate

In October, 1967, because of his other business commitments, Mr. G. E. Borrett, while continuing as a Director of the Company, retired as Chairman of the Board. Mr. J. A. Paterson, who had been Managing Director since 1961, was appointed Chairman in his place and the Deputy Managing Director, Mr. D. Fredjohn, became Managing Director.

Following the purchase by Charter Consolidated Limited in December, 1966, of the shares in the Company previously owned by Venesta Limited, Mr. W. P. Cruickshank, the Chairman of Venesta Limited, retired from the Board. Mr. G. W. Flint of Charter Consolidated Limited was appointed to the Board in his place. Following the acquisition of Faulkner Greene & Company, Limited, Mr. H. Bart-Smith, who had been Chairman of that company, was appointed a Director.

In accordance with the Articles of Association, Mr. P. Shelbourne, Major-General J. D. B. Smith, Mr. H. S. O. P. Stedall and Mr. M. B. P. Stedall retire by rotation and, being eligible, offer themselves for re-election.

### Capital Structure

Since the date of the last Report, the Company has issued 3,183,537 Ordinary Shares of 2s. each in January, 1967, in respect of the Rights Issue, 270,718 Ordinary Shares of 2s. each in respect of the conversion in January, 1967, of £190,647 of the 6 per cent. Convertible Unsecured Loan Stock 1963/88, and a total of 4,470,845 Ordinary Shares of



## Report of the Directors continued

2s. each in respect of the acquisition of Faulkner Greene & Company, Limited, Aeroparts Limited and Frank Pitts & Company Limited, in respect of the acquisition of the balance of the shares in Keizer Howard Limited and Precision Metal Forming Limited and in respect of the balance of the consideration payable in connection with the acquisition in 1966 of approximately 80 per cent. of the issued share capital of A. Revai & Co. (Chemicals) Limited.

The number of issued Ordinary Shares of 2s. each at 31st October, 1967, was 24,186,323. Since then a further 195,438 shares have been allotted, resulting in a total number of shares in issue at the date of this Report of 24,381,761.

### Substantial Shareholdings and Directors' Interests in the Group

So far as is known, the only person holding or beneficially interested in a substantial part of the equity share capital or of the 6 per cent. Convertible Unsecured Loan Stock 1983/88 of the Company is Charter Consolidated Limited which holds 3,135,431 Ordinary Shares of 2s. each.

The interests of the Members of the Board of Directors in the share capital of the Company, as well as in the Company's 6 per cent. Convertible Unsecured Loan Stock 1983/88 are set out below, family interests being included in the total set opposite each Director's name:—

<i>Director</i>	<i>Number of Ordinary Shares of 2s. each beneficially held</i>	<i>Number of Ordinary Shares of 2s. each in respect of which options have been granted</i>	<i>Beneficial Holdings of 6% Convertible Unsecured Loan Stock 1983/88</i>
			£
H. Bart-Smith.....	3,750	—	—
G. E. Borrett.....	5,996	—	—
G. W. Flint.....	—	—	—
D. Fredjohn.....	11,666	30,000	—
B. Manning.....	4,654	20,000	2,000
D. R. Miller.....	924	20,000	—
J. A. Paterson.....	10,049	30,000	9,150
R. W. Reynolds.....	700	20,000	—
P. Shelbourne.....	7,758	—	—
J. D. B. Smith.....	9,510	20,000	—
H. S. O. P. Stedall.....	32,081	—	—
M. B. P. Stedall.....	5,185	—	—

In addition Mr. H. S. O. P. Stedall, as Trustee of a family settlement, holds 8,000 Ordinary Shares of 2s. each in the Company.

### Finance Act 1965

The Company is not a close company as defined by the Finance Act 1965.

### Auditors

The Company's joint auditors, McClelland, Moores & Co. and Cooper Brothers & Co., remain eligible and, in accordance with Section 159 of the Companies Act, 1948, both will continue in office.

LEE HOUSE,  
London Wall, London, E.C.2.  
6th March, 1968.

By Order of the Board,  
A. C. R. ELLIOTT,  
Secretary.



## Chairman's Statement

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The accounts to be presented to the shareholders at the Annual General Meeting to be held on Friday, 29th March, 1968, are in respect of the fifteen months ended 31st October, 1967. The change in the year-end of your Company from 31st July to 31st October was for commercial and administrative reasons which were explained in a letter to members from the Secretary dated 3rd August, 1967.

Our profit for the fifteen months to 31st October, 1967, under review, amounted to £2,376,398 before taxation and adjustments for outside interests, which is equivalent, on an annualised basis, to £1,901,118. The profit for the previous twelve month period which ended on 31st July, 1966, was £1,645,005. Profit after taxation attributable to shareholders for the fifteen month period was £1,118,266 and exceeds the forecast given in September, 1967, at the time of the acquisition of Faulkner Greene & Company, Limited ("Faulkner Greene").

These profits have been achieved in a period when, as anticipated in last year's Chairman's Statement, the economy had to absorb a whole series of efforts by the Government to curb inflation and to defend the exchange rate, culminating, nevertheless, in the devaluation of sterling in November, 1967, just after the end of the period under review. Interest rates were, on the whole, at a high level and various Government measures slowed down and, in some areas, virtually stopped commercial building activity and adversely affected most sectors of the economy. For example, further restrictions on hire purchase and rental finance affected important customers for our products and our own television set renting. Substantial increases in many other costs have also had to be absorbed.

The period under review has been one during which your Board has been actively engaged in strengthening the position of the Group from both a financial and commercial point of view. Thus, in January, 1967, there was a one-for-six Rights Issue at 9s. 6d. per share; this raised approximately £1.5 million which, in the first instance, has been used to reduce the Group's short-term indebtedness to its commercial bankers. Despite the relatively high cost of equity financing since the introduction of Corporation Tax and even though the Company's commercial bankers in December, 1966, confirmed our overdraft limits at the same level for 1967 as in 1966, your Board believes that the Rights Issue was a desirable step towards maintaining an appropriate relationship between the shareholders' equity in the Group and borrowed money and that it places the Group in a more advantageous position now and in the future both to support further internal growth and to expand the Group as and when suitable opportunities materialise. When the proceeds of the Rights Issue have been fully deployed in the business there will be a commensurate increase in equity earnings.

Equity earnings for the fifteen months were 46 per cent., or 37 per cent. on an annualised basis, on a capital some 50 per cent. larger than that at the end of the previous year, when earnings of 47 per cent. were reported. However, in broad terms, annualised equity earnings from trading for the fifteen months were at a similar level to those for the preceding year, which, in all the circumstances, is considered a satisfactory achievement. The reduction in reported earnings is almost entirely due to the Rights Issue and to the adverse effect of various Government measures, including the increase of  $2\frac{1}{2}$  per cent. in the rate of Corporation Tax and the withdrawal of Investment Allowances.

### Dividends

I feel that our results are satisfactory in all the circumstances and a final dividend of  $8\frac{1}{4}$  per cent. for the fifteen month period under review is being recommended to provide, combined with the two interim dividends of 15 per cent. paid last June and  $17\frac{1}{2}$  per cent. paid in December, a total dividend rate effectively in line with that of the previous year. All dividends in respect of the fifteen month period under review are on a gross basis.

### Acquisitions during the period under review

During the period, your Company acquired the entire issued share capitals of two public quoted companies, Aeroparts Limited ("Aeroparts") and Faulkner Greene and of a small privately owned company, Frank Pitts & Company Limited ("Frank Pitts"). These acquisitions were made in exchange for Ordinary Shares in your Company, for the same reasons as I have mentioned in connection with the Rights Issue. Your Group has also increased its shareholding in a large number of subsidiaries or companies which were previously trade investments.

Aeroparts is primarily engaged in machining and sub-assembly work for the automobile industry, in which your Group's subsidiary, Peak Engineering Company Limited ("Peak") already has a high reputation. The combined



## Chairman's Statement continued

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efforts and activities of Aeroparts and Peak will enhance the effectiveness of each of these companies in the fields of design and development and service to the key industries which are their customers. Aeroparts contributed £116,000 to the consolidated profits, before taxation, of the Group for the period under review, which is somewhat in excess of the rate of profitability estimated by the directors of Aeroparts at the time of our offer for that company.

The Faulkner Greene group undertakes glass merchanting, contract and patent glazing, electrical contracting and the manufacture of metal windows, in which activities your Group also is engaged. In order to enable the greatest measure of rationalisation and cost-saving in the field of glass merchanting and contract glazing, the 50 per cent. of the shares in Keizer Howard Limited ("Keizer Howard") not previously owned by Pillar were purchased at the same time as the shares in Faulkner Greene. Substantial rationalisation and co-ordination is now under way with respect to the activities of Faulkner Greene and the other similar activities undertaken by your Group. In the short term, we believe, this should have the effect of substantially reducing the loss which was experienced in the period under review by Keizer Howard and also by our subsidiary, Goodfellow Electrical Services Limited ("Goodfellow"). In the longer term, more effective deployment of management and facilities should enable improved profits to be earned from the combined sales of the various complementary activities. Faulkner Greene contributed £229,000 of profits before taxation to the period under review, which is not out of line with the expectations of your Board at the time of our offer for Faulkner Greene but is a somewhat lower rate of profit than was earned by Faulkner Greene in its twelve month financial period to 30th April, 1967. One important reason for this was that our fifteen months to 31st October, 1967, included two seasonal periods when Faulkner Greene's trading and profits are usually below average.

Leaving out of account acquisitions and disposals during the period under review, the pre-tax profit rate of £1,645,000, earned in the previous year, was maintained in the fifteen month period by the Group as it was constituted at 31st July, 1966. This is very creditable in view of the difficult circumstances which have affected all business activities in the United Kingdom during this period.

### Group Trading

To identify more clearly our three main areas of activity with Pillar itself, we have changed the names of two of our three subsidiary management and holding companies: Independent Aluminium Holdings Limited (Indal) is now called Pillar Aluminium Limited and Stedall & Company Limited is now called Pillar Commercial Companies Limited ("Pillar Commercial Companies").

Group sales to third parties, including television rental, installation and servicing income and merchanting sales, were £46 million for the fifteen month period under review (£37 million on an annualised basis) compared with £27 million for the previous year. After eliminating the sales of companies acquired during the period under review, the sales of the rest of the Group on an annualised basis were some 7 per cent. higher than in the previous year. The reduction in the Group's profit to sales ratio is in no sense general but is due to losses incurred during the period under review by Goodfellow, Mellows & Company Limited ("Mellows") and Archital Limited ("Archital") and to the small initial profit, in relation to sales, earned by our German aluminium extrusion subsidiary, which is just beginning to get on its feet. Adjusting for these factors, there has been an overall improvement in the ratio of profit to sales for the remainder of the Group during a period of continually increasing costs. Your Board believes that it is the higher than average growth potential of most of our products and activities and the energy of our employees at all levels, that have enabled us to achieve an improvement in sales and the ratio of profit to sales in all but very few of our operating subsidiaries. The substantial sales of the merchanting companies in the Group are made at comparatively low margins but yield a satisfactory return on capital employed.

### *Pillar Aluminium Limited*

As a result of transactions announced in April and May, 1967, relating to the reorganisation of Archital and to the disposal of substantial portions of its business, that company became a wholly-owned subsidiary of Mellows on 26th May, 1967. Alcan Industries Limited, our previous partner in Archital, has, since that date, owned 25 per cent. of the share capital of Mellows. The losses, less profits, of those portions of Archital which have been retained and consolidated within the Group's Profit and Loss Account were approximately £45,000 for the period from 26th May, 1967, to 31st October, 1967, compared with losses of approximately £650,000 incurred between 1st August, 1966 and the end of May, 1967, by the whole of Archital, prior to its becoming a subsidiary. We believe there is very substantial potential for the increased utilisation of aluminium extrusions in the activities of Archital which we have retained, namely the manufacture and sale of windows, entrances and shopfronts. Mellows itself made a loss in the period under review due to some reduction in sales volume and margins resulting from the economic



## Chairman's Statement continued

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measures which have had such an adverse impact on the building industry generally. Action, however, is under way to introduce new products, to reduce overheads in Mellows and Archital still more and to rationalise activities at all levels; this should further improve the overall position of these companies. We are confident that once Government policy again permits expansion of the building industry, Mellows and Archital, as now constituted, will represent an area of growth and substantially increased profitability for the Group.

Our aluminium distribution, roll-forming and extrusion companies in the United Kingdom again have had very satisfactory results. Minex Metals Limited ("Minex") which your Group manages and in which it has a 50 per cent. interest, started aluminium extruding in premises at Braintree, adjacent to one of the major works of our partner in this venture, Crittall-Hope Limited. It is gratifying to report that, in its first year of operations, Minex made an encouraging profit. The success and rapid expansion of the Minex operation are, themselves, a reflection of the growth of the market for aluminium in the window and architectural fields, which are easily the largest potential outlet for aluminium extrusions. The rate of penetration of aluminium into these and other areas is increasing despite fluctuations in the overall economy.

We have made considerable headway in designing and fabricating aluminium components for the automobile industry and our companies specialising in this field are expanding rapidly and now have their own surface-finishing facilities. Further expansion is planned and we expect a dramatic increase over the next few years in the use by the motor industry of those aluminium components of which your Group, with its integrated resources, is now an important supplier.

Our aluminium surface-finishing activities have also been expanded and extended at Bletchley and Cheltenham. Colour treatment of aluminium, both through anodising and painting, is becoming increasingly popular and our companies continue to be in the forefront of the industry both in technology and customer service. We have recently been granted a licence for a new Japanese process for colouring aluminium, which offers considerable prospects.

Although the bulk of our aluminium raw material comes from outside the United Kingdom, we do not anticipate any consequent adverse effect on the Group arising from the devaluation of sterling.

### *Pillar Engineering Limited*

On the engineering side, with the exception of Goodfellow to which I have already referred, we have had an extremely satisfactory and encouraging period, with increased profits in all areas. As with the aluminium division, the motor industry has proved to be an area of growth and increasing importance for us. Pneumatic Components Limited has had exceptional success in overseas markets with 42 per cent. of its production going into direct exports and another 10 per cent. going into indirect exports. Our die-casting company, which incurred trading losses last year, made a satisfactory return to profitability.

Our aero engine servicing activity has continued so strongly that we have advanced our plans to enter the market for the overhaul of turbo-prop engines and arrangements have been made with Rolls-Royce Limited for us to commence the overhaul of their well-known Dart engine. Furthermore, we have, since the end of the period under review, entered into a conditional contract with a view to acquiring the entire issued share capital of Hants & Sussex Aviation Limited, a leading specialist in the overhaul of engines and propellers of private and executive light aircraft.

### *Pillar Commercial Companies Limited*

Turnover of the units in the Pillar Commercial Companies division was maintained and profits were in line with forecast, although, as these companies are not engaged in manufacturing activities, they felt the full impact of the imposition of the Selective Employment Tax.

Stedall Industrial Products Limited ("S.I.P.") has commenced a major reorganisation, with the assistance and guidance of a firm of management consultants, in order to centralise and improve controls and increase efficiency. S.I.P. acquired Frank Pitts, an engineering stockist business in Burton-on-Trent, in October, 1967, and these companies, together with W. Rollett & Son Limited, acquired the previous year, are building up a strong position as engineers' merchants and stockists.

The chemical merchanting companies have continued to do well, although the effects of devaluation may, in certain instances in the future, squeeze their profit margins. Prospects for these companies, however, remain good, as the international character of the chemical industry will continue to require the import of special and basic chemicals into this country.



## Chairman's Statement continued

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Our television relay and rental group, which has the majority of its activities in Wales, was one of the original financial sponsors of and is now one of the most substantial shareholders in Harlech Television Limited, which obtained the Independent Television franchise for Wales and the West of England. It is considered that this investment should prove attractive over the next few years and that it will contribute to the profitability of our television group.

### Canada and Germany

In Canada, our earnings increased but not on quite the scale we had expected a year ago, due to the considerable difficulties which developed in the Canadian economy generally and to labour disputes in the construction industry where so many of our products are components. However, after a year of steady consolidation in all our Canadian subsidiaries, we are now well poised to expand rapidly and indeed most companies have enlarged their capacity in anticipation of a marked upswing in construction activity. There is now, for the first time since the war, a housing shortage throughout Canada, particularly in Ontario, and the demand for our products over the next two years is likely to be very high. The profits before taxation earned by our Canadian companies during the period under review would have been approximately £80,000 greater if converted at the exchange rate ruling after the devaluation of sterling.

During the period under review, we and our Canadian co-shareholders in Indal Canada Limited ("Indal Canada") strengthened the equity of the Canadian Group by all subscribing to a Rights Issue which raised Can.\$944,000 for Indal Canada. The funds to enable us to make our subscription came from a five-year Eurodollar term loan, raised in London for the purpose of making this investment and of strengthening the equity capital of our German subsidiary, which is undertaking the installation of a second aluminium extrusion press.

### Revaluation of Interests in Subsidiaries and of Trade Investments

The Group is made up of companies which, over a period of years, have been promoted by it or have been acquired singly or as parts of other groups. There has been much internal reorganisation of companies or groups of companies which have been acquired and, in some cases, there have been sales to third parties. This led to a situation where the book values of certain individual investments in subsidiaries did not accord with current values. Your Board has, therefore, carried out a revaluation at 31st October, 1967, on a conservative basis, of all interests in subsidiaries and trade investments; this has resulted in a surplus of approximately £1,850,000, which has been carried to capital reserve.

### Working Capital

During the period, net current assets reflected in the consolidated Balance Sheet have risen from £346,387 to £3,202,867, whilst deferred liabilities have increased from £1,599,034 to only £2,739,720. This much stronger position results in part from the Rights Issue to which I have already referred.

### Board and Management

In October, 1967, Mr. G. E. Borrett, one of the original Directors of the Company in its present form and Chairman since December, 1964, felt that, due to the pressure of his full-time merchant banking commitments, he had to offer his resignation as Chairman, a post to which I was then elected by the Board. However, my colleagues and I are very pleased that Mr. Borrett remains on the Board as a non-executive Director.

In December, 1966, Charter Consolidated Limited ("Charter") purchased the 15 per cent. holding in the share capital of your Company which had previously been owned by Venesta Limited and we are very pleased to have a shareholder of the standing of Charter. As a consequence of this transaction, Mr. W. P. Cruickshank, the Chairman of Venesta Limited, resigned from the Board and Mr. G. W. Flint of Charter was elected a Director. Following the acquisition of Faulkner Greene, Mr. H. Bart-Smith, the Chairman of that company, also joined the Board.

Mr. D. Fredjohn, who was appointed Managing Director of the Group in October, 1967, remains Managing Director of Pillar Aluminium Limited. Mr. R. W. Reynolds, who was previously Managing Director of Pillar Commercial



## Chairman's Statement continued

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Companies, continues as a Director of Pillar and has been appointed Executive Assistant to the Chairman, whilst Mr. B. Manning, another Director of Pillar, has become Managing Director of Pillar Commercial Companies. Mr. D. R. Miller, a Director of Pillar and formerly Financial Controller, has been appointed Financial Director and Major-General J. D. B Smith, another Director of Pillar, continues as Managing Director of Pillar Engineering Limited.

### Outlook

The Group's consolidated profit for the period under review was achieved despite our absorbing approximately £380,000 of losses incurred by three subsidiaries, namely Goodfellow, Mellows and Archital, to which I have already referred. These three companies are all engaged in aspects of building and contracting, which is the area of the economy which has suffered the greatest impact from Government measures over the last eighteen months. However, the Board is fully conscious of the potential for improving Group earnings by first eliminating these losses and subsequently replacing them with profits and all practical steps are being and will be taken to achieve this objective as quickly as possible.

In advance of the Budget and any other steps the Government may introduce during the year, it is particularly difficult to forecast at this time. However, so far in the current year, our trading and profits are at a somewhat higher level than during the same period last year and, subject to unforeseen events, we believe that in this year we shall be capable at least of maintaining our position and the annual level of profits achieved. Many of the corporate and managerial steps taken during the period, to which I have already referred in greater detail, have had no immediate reflection in higher profits but are designed to improve our capability of earning very considerably increased profits, particularly when there is again a higher rate of growth in business activity in the country as a whole. As was pointed out in my predecessor's Statement last year, our products and activities are in areas which, generally, experience higher than average growth and potential. We are confident about the future.

J. A. PATERSON,

*Chairman.*



## Five Year Group Financial Statistics

	15 months 1966/67	Year 1965/66	Year 1964/65	Year 1963/64	13 months 1962/63
<b>TOTAL EMPLOYMENT OF CAPITAL at period end</b>	£'000s	£'000s	£'000s	£'000s	£'000s
Fixed assets .....	6,776	4,982	4,198	2,667	896
Trade investments .....	385	1,420	1,605	1,027	545
Net current assets .....	3,203	347	828	844	123
	10,364	6,749	6,631	4,538	1,564
<i>Less: Deferred and other liabilities</i> .....	2,740	1,599	1,173	20	—
Employment of capital in tangible assets .....	7,624	5,150	5,458	4,518	1,564
Goodwill and other intangibles .....	11,932	6,890	6,412	2,874	313
	19,556	12,040	11,870	7,392	1,877
<b>TOTAL CAPITAL EMPLOYED at period end</b>					
Share capital .....	2,419	1,583	1,524	1,038	563
Reserves and retained profits .....	12,097	6,445	6,749	3,640	617
Pillar shareholders' interest .....	14,516	8,028	8,273	4,678	1,180
Debentures and loan stocks .....	2,390	2,262	2,278	2,108	508
Minority interests, future taxation and taxation equalisation .....	2,650	1,750	1,319	606	189
	19,556	12,040	11,870	7,392	1,877

### PROFITS

Profit before taxation .....	
Taxation .....	
Profit after taxation .....	
Minority interests .....	
Profit attributable to Pillar shareholders .....	
Dividends—Net .....	
Gross .....	

Subject to Corporation Tax			Subject to Income Tax and Profits Tax	
2,376	1,645	1,162	860	260
1,014	695	465	436	102
1,362	950	697	424	158
244	191	128	17	6
1,118	759	569	407	152
—	137	249	191	72
927	285	—	—	—

### OTHER STATISTICS

Number of 2s. shares issued at period end (000s) .....	
Dividends declared % (gross) .....	
Equity earnings % .....	
London Stock Exchange "High" .....	
London Stock Exchange "Low" .....	

24,186	15,835	15,234	10,384	5,634
40.75	32.5	32.5	30	21
46	47	37	64	44
12s. 10d.	14s. 3d.	16s. 6d.	16s. 9d.	16s. 2d.
9s. 6d.	9s. 6d.	12s. 3d.	12s. 3d.	7s. 4d.

#### NOTES:—

- The composition of the Group has changed substantially over the past five accounting periods. The figures set out above have not been adjusted to reflect this.
- PROFITS and OTHER STATISTICS for the periods 1962/63 and 1963/64 are not comparable with subsequent periods due to the introduction of corporation tax and income tax on dividends. The period 1964/65 is comparable with subsequent periods except as regards dividends. The figures for 1966/67 are comparable with those for 1965/66 except that (i) the former period covers fifteen months and (ii) the Company was able to retain some of the income tax relating to dividends paid in respect of the year 1965/66.
- Profits, taxation thereon and profits after taxation are before deducting or crediting exceptional or non-recurring items.
- Equity earnings have been calculated on the profit attributable to Pillar shareholders, "grossed up" for 1962/63 and 1963/64 at the standard rate of income tax, and related to the number of shares ranking for the final dividend.
- All statistics relate to the relevant accounting period, except for the Stock Exchange "High/Low" prices which relate respectively to each of the five years ended 31st December, 1967.



## Activities and Locations of Principal Subsidiaries and Associates at the date of this

Name of Company	Activity	Location
<b>ALUMINIUM AND BUILDING COMPONENTS</b>		
<b>Pillar Aluminium Limited</b> .....	Holding company	London
Acorn Anodising Company Limited (90 %) .....	Anodising	London, Boreham Wood, Birmingham, Bletchley
Acorn Ano-Coil Limited (69 %).....	Continuous strip anodising	Bletchley
Acorn Aluminium Products Limited .....	Manufacture of aluminium spinings	London
Aluminium Sales Limited (75 %) .....	Holding company	London
Aston-Stedall Aluminium Warehouses Limited.....	Stocking and distribution of aluminium	Tipton, London, Southampton, Leeds, Cardiff, Leicester, Bristol, Manchester, Glasgow
Alloy Bodies Limited .....	Vehicle body building	Tipton
G.W. Aluminium Company Limited .....	Stocking and distribution of aluminium	Manchester
Duraflex Housecrafts Limited .....	Manufacture of aluminium and plastic draught excluders	Cheltenham
Ellay Enfield Tubes Limited .....	Manufacture of drawn non-ferrous tubes	Maidenhead
*Faulkner Greene & Company, Limited.....	Contract and patent glazing and glass merchanting	London, West Bromwich
Cardiff Glazing & Mirror Products Limited .....	Contract glazing and mirror manufacturing	Cardiff
D. W. Price & Son Limited.....	Glass merchanting and processing and plate glazing	Wembley, Neasden
D. W. Price (Neasden) Limited .....	Replacement of automobile windscreens	Neasden
D. W. Price (Peckham) Limited .....	Glass merchanting, plate glazing and distribution of aluminium shop fronts	Peckham
Metfab Limited .....	Manufacture of steel and aluminium windows	West Bromwich
Mustill Wallis & Co. Limited.....	Contract glazing	Cambridge, Leyton
Indal Canada Limited (74.5 %).....	Holding company	Toronto (Canada)
Aluminum Colored Products Manufacturing Limited (75 %) .....	Manufacture of painted aluminium doors and storm windows	Toronto (Canada)
Commercial Aluminum Products Limited (55 %).....	Manufacture of aluminium entrances and shopfronts	Toronto, Montreal (Canada)
Eastland Metals Limited (78 %) .....	Fabrication of aluminium and sheet steel products	Toronto (Canada)
Fashion Grilles Limited.....	Manufacture and merchanting of hardware to the architectural industry	Toronto (Canada)
Custom Rollforming Company Limited (50.1 %).....	Aluminium and steel roll formed products	Toronto (Canada)
Indalex Limited (80 %).....	Aluminium extruding, painting, polishing and anodising	Toronto, Montreal, Calgary (Canada)
Indalprime Limited (80 %) .....	Manufacture of aluminium prime windows	Toronto (Canada)
Lite Metal (Products) Limited .....	Manufacture of aluminium ladders	Toronto (Canada)
Rebmec Industries Limited (70 %).....	Manufacture of aluminium doors and storm windows	Toronto (Canada)
Trailwind Products Limited .....	Manufacture of trailer windows	Toronto (Canada)
Westland Metals Limited .....	Fabrication of aluminium and steel sheet products	Calgary, Vancouver (Canada)
Independent Aluminium Extruders Limited.....	Aluminium extruding, painting, polishing and anodising	Cheltenham
Architectural Anodising Limited .....	Manufacture of standard components for aluminium entrances and shopfronts	Cheltenham
Minex Metals Limited (50 %) .....	Aluminium extruding	Braintree
Keizer Howard Limited.....	Glass merchanting and mirror manufacturing	Wembley, Neasden
Aluminium Home Improvements Limited .....	Sale and distribution of aluminium building components	Guildford
Keizer Howard (Glazing) Limited .....	Glazing	London
Keizer (Glazing Contractors) Limited .....	Glazing	Liverpool
Keizer (Glass) Limited.....	Glass merchanting	Liverpool
Mellows & Company Limited (75 %) .....	Manufacture of aluminium and steel patent glazing, windows, lanterns and roof lights, window walling, panelling and partitioning	Sheffield, London, Manchester
Archital Limited .....	Manufacture of aluminium windows	Portsmouth
Archital Entrances Limited.....	Sale of aluminium entrances and shopfronts	London
Universal Shopfitting Company (London) Limited .....	Shopfitting	London
Luxfer Building Products Limited .....	Sale of aluminium curtain walling, windows and library shelving	London, Sheffield
Pillar Europe Limited .....	Holding company	London
Indalpress Aluminium Profil G.m.b.H. (90 %) .....	Aluminium extruding	Schötmar (Germany)
Vitrage Eclipse S.A. ....	Holding company	Paris (France)
Société Industrielle et Commerciale pour L'Emploi de l'Aluminium dans le Bâtiment S.A. ("Alubat") (25 %) .....	Fabrication of aluminium and steel sheet products and manufacture of aluminium and steel patent glazing, windows, curtain walling,	Wingles, Sevrans, Paris (France)

Notes: 1. With the exception of Indalpress Aluminium Profil G.m.b.H. which was incorporated in Germany, Vitrage Eclipse S.A. and Alubat, which were incorporated in France, Andrew Chalmers & Mitchell Limited, General Piped Television (Scotland) Limited, Goodfellow Electrical Services Limited and J. Proctor (Building Services) Limited, which were incorporated in Scotland, Indal Canada Limited and its subsidiaries and associates which were incorporated in Canada, and Phoenix Building Services (Barbados) Limited, which was incorporated in Barbados, all the subsidiary and associated companies were incorporated in England.



Name of Company	Activity	Location
<b>ALUMINIUM AND BUILDING COMPONENTS (Cont)</b>		
Precision Metal Forming Limited .....	entrances, suspended ceilings and partitioning and stocking and distributing of aluminium	Cheltenham
Pressweld Limited (87.5%) .....	Fabrication of aluminium and steel sheet products	Molesey
Pressweld Aluminium Limited .....	Manufacture of aluminium automobile wheel trim	Gloucester
	Manufacture and anodising of aluminium pressings for automobile and consumer durable industries	
<b>ENGINEERING</b>		
Pillar Engineering Limited .....	Holding company	London
*Aeroparts Limited .....	Holding company	Hereford
Aeroparts Engineering Company Limited .....	Manufacture of quality machined components and assemblies	Hereford
Westland Motor Company Limited .....	Retail and repair of motor vehicles. Motor body building	Hereford
Air Engine Services Limited .....	Overhaul and repair of aero engines	Lingfield
Andrew Chalmers & Mitchell Limited .....	Manufacture of cable glands, floodlights and light fittings for ships	Glasgow
Goodfellow Electrical Services Limited .....	Electrical contracting	Glasgow
Hartle Stedall Limited (51%) .....	Holding company	Ashton under Lyne
Derek Hartle Machine Tools Limited .....	Machine tool merchandising	Ashton under Lyne
Stedall Machine Tool Company Limited .....	Machine tool merchandising	London, Manchester
Pidgen Brothers Limited .....	Machine tool merchandising	London
Mellowes Orb Engineering Limited .....	Design and manufacture of moulds and dies, pressure die casting in aluminium and zinc and plastic mouldings	Oldham
Peak Engineering Company Limited .....	Manufacture of quality machined components and assemblies	Stratford on Avon
B. Attewell & Sons (Engineering) Limited .....	Light engineering and plastic fabrication	Iver
*Phoenix Electrical Company Limited .....	Electrical engineering and contracting	London
J. Proctor (Building Services) Limited .....	Electrical engineering and contracting	Glasgow
Phoenix Building Services (Barbados) Limited .....	Electrical engineering and contracting	Barbados
Pneumatic Components Limited .....	Design and manufacture of garage and tyre inflation equipment, motor accessories and industrial pneumatic products	Sheffield
Welding Rods Limited .....	Manufacture of welding electrodes and rods and welding equipment	Sheffield
<b>MERCHANTING AND RELAY TELEVISION</b>		
Pillar Commercial Companies Limited .....	Holding company	London
General Piped Television Limited .....	Holding company	Neath
General Piped Television (Scotland) Limited (77.5%) .....	Relay television and set retailing and renting	Dumbarton
General Piped Television (Investments) Limited .....	Investment holding company	Neath
Piped Television (Wales) Limited .....	Relay television and set retailing and renting	Neath
G. Line Television (Successors) Limited .....	Relay television and set retailing and renting	Neath, Abergavenny
Relay Services (Gorseinon) Limited .....	Relay television and set retailing and renting	Gorseinon
Repeatavision (Ogmore & Garw) Limited .....	Relay television and set retailing and renting	Neath
Swansea & District Traders Television Relay Limited .....	Relay television and set retailing and renting	Gorseinon
Welsh Rural Television Services (Successors) Limited .....	Relay television and set retailing and renting	Neath, Abergavenny
West Wales Wireless Relay Limited .....	Relay television and set retailing and renting	Haverfordwest, Milford Haven
Pohlmann & Son Limited .....	Renting and retailing of television, radio and domestic appliances	Halifax
Repeatavision (Lake District) Limited .....	Relay television and set retailing and renting	Windermere, Ambleside
Stroud Traders Television Relay Limited .....	Relay television and set retailing and renting	Nailsworth, Stroud
West Riding Communal Aerials Limited (63.6%) .....	Relay television	Hebden Bridge, Todmorden
Hamilton Chemicals Limited .....	Merchanting and distribution of chemicals	London
K.W. Chemicals Limited (58%) .....	Merchanting and distribution of chemicals, aluminium and machinery for the paint and plastics industries	London
A. Revai & Co. (Chemicals) Limited (80%) .....	Merchanting and distribution of chemicals	London
Stedall Industrial Products Limited .....	Engineers' merchants and stockists of ironmongery and electrical goods	London, Bristol, Manchester
Frank Pitts & Company Limited .....	Engineers' merchants	Burton on Trent
W. Rollett & Son Limited (88.5%) .....	Engineers' merchants	Leicester
*The Elms Vale Laundry Limited .....	Laundry	Dover

2. Except where indicated above, the equity share capitals of subsidiaries are wholly owned by the companies shown above as their immediate parent companies. An asterisk indicates that the company concerned is shown in its proper managerial group but that its immediate holding company is shown elsewhere; thus, Aeroparts Limited and Faulkner Greene & Company, Limited are wholly-owned subsidiaries of Pillar Holdings Limited and Phoenix Electrical Company Limited and The Elms Vale Laundry Limited are wholly-owned subsidiaries of Faulkner Greene & Company, Limited.



## Consolidated Profit and Loss Account

for the fifteen months ended 31st October 1967		15 months ended 31st October 1967	Year ended 31st July 1966
	Notes	£	£
PROFIT BEFORE TAXATION (See Note 1).....	3	2,376,398	1,645,005
Taxation.....	4	1,014,465	695,483
PROFIT AFTER TAXATION.....		1,361,933	949,522
Attributable to outside shareholders in subsidiary companies.....		243,667	190,641
PROFIT ATTRIBUTABLE TO PILLAR ORDINARY SHAREHOLDERS.....		1,118,266	758,881
ORDINARY DIVIDENDS:			
1st interim of 15% paid on 21st June, 1967, on 19,925,881 shares (1966 15% on 15,546,629 shares).....		298,888	233,199
2nd interim of 17½% payable on 20th December, 1967, on 24,381,761 shares.....		426,681	—
Proposed final of 8¼% payable on 10th April, 1968, on 24,381,761 shares (1966 17½% on 16,261,223 shares).....		201,150	284,571
		926,719	517,770
Less:			
Income tax deducted and retained.....		—	96,195
		926,719	421,575
		191,547	337,306
PROFIT UNAPPROPRIATED brought forward.....		205,486	586,888
Add:			
Net adjustment arising upon the sale of interests in subsidiaries during the period.....		10,643	47,633
		407,676	971,827
Less:			
Exceptional items.....	5	14,100	(44,561)
		393,576	1,016,388
Less:			
Appropriation to capital reserve.....	12	20,715	810,902
PROFIT UNAPPROPRIATED carried forward.....		£372,861	£205,486

Of the profit of £1,104,166 (profit attributable to Pillar Ordinary Shareholders £1,118,266 less exceptional items £14,100), £586,030 (1966—£510,240) has been dealt with in the accounts of Pillar Holdings Limited.

The notes on pages 19 to 25 form part of these accounts.



## Consolidated Balance Sheet

at 31st October 1967		31st October 1967	31st July 1966
	Notes	£	£
<b>FIXED ASSETS</b> .....	6	6,775,991	4,981,587
<b>TRADE INVESTMENTS</b> .....	7	385,416	1,420,549
		<u>£7,161,407</u>	<u>£6,402,136</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress.....	8	9,049,246	6,401,980
Less: Amounts receivable on account.....		3,298,037	1,712,558
		<u>5,751,209</u>	<u>4,689,422</u>
Debtors .....		10,331,272	7,523,745
Taxation recoverable .....		137,884	129,800
Cash and bank balances.....		221,726	125,961
		<u>16,442,091</u>	<u>12,468,928</u>
<b>CURRENT LIABILITIES</b>			
Creditors .....		8,012,694	6,271,779
Borrowings under acceptance credits .....		620,000	620,000
Bank loans and overdrafts.....	9	3,039,702	4,224,274
Taxation.....		938,997	721,917
Second interim dividend of Pillar Holdings Limited .....		426,681	—
Proposed final dividend of Pillar Holdings Limited .....		201,150	284,571
		<u>13,239,224</u>	<u>12,122,541</u>
<b>NET CURRENT ASSETS</b> .....		<u>£3,202,867</u>	<u>£346,387</u>
Less:			
<b>DEFERRED AND OTHER LIABILITIES</b>			
Corporation tax payable between 1st November, 1968 and 1st April, 1969 .....	10	649,404	515,592
Loans .....		1,978,399	798,768
Others.....	11	111,917	284,674
		<u>2,739,720</u>	<u>1,599,034</u>
<b>EMPLOYMENT OF CAPITAL IN TANGIBLE ASSETS</b> .....		<u>£7,624,554</u>	<u>£5,149,489</u>
<b>INTANGIBLE ASSETS</b>			
Goodwill arising on consolidation.....	12	11,853,331	6,826,734
Development and other expenditure carried forward.....	13	78,465	63,622
		<u>11,931,796</u>	<u>6,890,356</u>
<b>TOTAL EMPLOYMENT OF CAPITAL</b> .....		<u>£19,556,350</u>	<u>£12,039,845</u>
<b>Representing:</b>			
<b>ISSUED SHARE CAPITAL OF PILLAR HOLDINGS LIMITED</b> .....	19, 20	2,418,632	1,583,511
<b>CAPITAL RESERVES</b> .....	12	11,723,825	6,239,259
<b>PROFIT UNAPPROPRIATED</b> .....		372,861	205,486
<b>PILLAR SHAREHOLDERS' INTEREST</b> .....		<u>14,515,318</u>	<u>8,028,256</u>
<b>DEBENTURE AND UNSECURED LOAN STOCKS</b> .....	14	2,391,297	2,261,440
<b>OUTSIDE SHAREHOLDERS' INTEREST</b> .....		2,248,611	1,464,393
<b>TAXATION EQUALISATION</b> .....	15	401,124	285,756
<b>TOTAL CAPITAL EMPLOYED</b> .....		<u>£19,556,350</u>	<u>£12,039,845</u>

The notes on pages 19 to 25 form part of these accounts.



## Balance Sheet

at 31st October 1967		31st October 1967	31st July 1966
	Notes	£	£
FIXED ASSETS.....	17	56,441	41,915
TRADE INVESTMENTS as revalued.....		60,727	61,032
		<u>117,168</u>	<u>102,947</u>
INTEREST IN SUBSIDIARY COMPANIES.....	18	18,889,908	13,081,773
CURRENT ASSETS			
Debtors .....		36,969	180,487
Taxation recoverable .....		100,868	81,460
Cash and bank balances.....		1,914	2,372
		<u>139,751</u>	<u>264,319</u>
		£19,146,827	£13,449,039
CURRENT LIABILITIES			
Creditors .....		230,666	198,368
Borrowings under acceptance credits .....		420,000	120,000
Bank overdrafts .....		85,217	1,632,471
Second interim dividend .....		426,681	
Proposed final dividend .....		201,150	284,571
		<u>£1,363,714</u>	<u>£2,235,410</u>
Less:		17,783,113	11,213,629
DEFERRED AND OTHER LIABILITIES			
Loans .....	10	1,401,334	410,000
Others.....	11	111,917	284,674
		<u>1,513,251</u>	<u>694,674</u>
TOTAL EMPLOYMENT OF CAPITAL.....		£16,269,862	£10,518,955
Representing:			
SHARE CAPITAL			
Authorised:			
30,000,000 (1966—25,000,000) Ordinary Shares of 2s. each.....		£3,000,000	£2,500,000
Issued:			
24,186,323 (1966—15,835,115) Ordinary Shares of 2s. each, fully paid .....	19, 20	2,418,632	1,583,511
CAPITAL RESERVES.....	21	11,936,146	6,489,184
PROFIT UNAPPROPRIATED .....		104,095	444,784
PILLAR SHAREHOLDERS' INTEREST.....		14,458,873	8,517,479
CONVERTIBLE UNSECURED LOAN STOCK.....	14	1,809,353	2,000,000
TAXATION EQUALISATION .....		1,636	1,476
TOTAL CAPITAL EMPLOYED.....		£16,269,862	£10,518,955

J. A. PATERSON }  
D. R. MILLER } *Directors*

The notes on pages 19 to 25 form part of these accounts.

## Notes to the Accounts at 31st October 1967

### 1 Basis of Consolidation and Effect of Changes in the Composition of the Group

- (a) In addition to the trade investments which became subsidiaries during the period (see Note 7) the Group acquired subsidiaries at various dates between 30th June and 31st October, 1967, on terms that the effective dates of acquisition were 1st August, 1966, or earlier. The profits, less losses, have been included in the consolidated profit before taxation in respect of these two categories of acquisitions for the period from 1st August, 1966 (or the effective dates of their becoming subsidiaries, if later) to 31st October, 1967, and amounted to £330,000.
- (b) The comparative figures for the preceding year have not been adjusted to reflect the changes in the composition of the Group during the period.

### 2 Sales

Group sales to third parties, which include television rental, installation and servicing income, amounted to approximately £46 million in the fifteen months to 31st October, 1967, of which approximately £10 million related to acquisitions during the period. Group sales to third parties amounted to approximately £27 million in the previous twelve months.

### 3 Profit before Taxation

- (a) The profit before taxation, which is arrived at on the basis set out in Note 1, is after charging:—

	15 months ended 31st October 1967	Year ended 31st July 1966
Depreciation—see (b) below.....	£ 676,955	£ 371,308
Directors' emoluments:		
In respect of services as directors.....	4,283	3,814
In respect of other services.....	92,315	88,574
	96,598	92,388
Auditors' remuneration (of which £2,021 (1966 £2,060) relates to the holding company).....	47,457	30,217
Interest (gross):		
6% Convertible unsecured loan stock.....	139,515	120,000
Debentures and other fixed loans of subsidiaries.....	97,229	17,171
Bank and other interest.....	504,031	336,233
	740,775	473,404
and after crediting:		
Income from trade investments (gross)—see (c) below.....	97,535	71,645
Interest receivable (gross).....	23,459	17,187
	120,994	88,832

- (b) No depreciation has been provided on freehold and long leasehold land and buildings except in special circumstances.
- (c) The trade investment income included above in respect of a consortium company represents dividends receivable of £35,950 (being the Group's share of the 1966/67 profit), grossed up to reflect the underlying corporation tax of £25,466 which is included in the charge for taxation.
- (d) Rent payable in respect of leasehold land and buildings and charged in arriving at the consolidated profit of the period amounted to approximately £320,000.
- (e) The following table compares, for the period under review and the previous year, the proportionate profit before taxation (before head office charges) of the respective divisions of the Group:

	15 months ended 31st October 1967	Year ended 31st July 1966
Aluminium and building components.....	64 %	69 %
Engineering.....	25 %	20 %
Merchanting and television relay and rental.....	11 %	11 %
	100 %	100 %

The Group's interests in Canada contributed 17% (1966—17%) to profit before taxation (before head office charges).



## Notes to the Accounts continued

4

**Taxation**

The taxation charge is based on the profits of the period, after relief of approximately £4,000 (1966 £48,000) in respect of investment allowances and £14,951 of transitional income tax relief under Section 85, Finance Act 1965, and is made up of:—

	15 months ended 31st October 1967	Year ended 31st July 1966
Corporation tax at 40% to 31st March, 1967 and 42½% thereafter (1966—40%) .....	£ 789,567	£ 552,478
Income tax.....	(14,951)	(90,201)
Overseas taxation.....	166,128	173,346
Transfer to taxation equalisation.....	73,721	59,860
	£1,014,465	£695,483

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**Exceptional Items**

The exceptional items comprise:—

	15 months ended 31st October 1967	Year ended 31st July 1966
Adjustments relating to prior years .....	£ 43,072	£ (31,337)
Reorganisation and removal expenses .....	63,094	—
Other items qualifying for taxation relief .....	12,261	17,833
Taxation relief (1966-charge) .....	118,427 (48,219)	(13,504) 5,720
Taxation adjustments relating to prior years.....	70,208 (56,813)	(7,784) (49,958)
Other items .....	10,558	11,365
Less: Attributable to outside shareholders in subsidiary companies.....	23,953 9,853	(46,377) (1,816)
Net charge (1966-credit) in consolidated profit and loss account .....	£14,100	(£44,561)

6

**Fixed Assets of the Group**

	31st October 1967		31st July 1966	
	Cost or valuation (see below)	Accumulated depreciation	Net	Net
Freehold and leasehold land and buildings.....	£ 3,402,308	£ 98,456	£ 3,303,852	£ 2,557,295
Plant and workshop fittings.....	3,601,820	1,601,997	1,999,823	1,359,400
Relay television installations.....	676,787	213,800	462,987	435,420
Television sets on rental.....	464,034	328,222	135,812	114,007
Furniture, fixtures and fittings.....	458,631	250,115	208,516	168,569
Motor vehicles.....	576,229	263,326	312,903	200,333
	£9,179,809	£2,755,916	6,423,893	4,835,024
(1966)	£6,645,063	£1,810,039		
Tools and dies at cost less amounts written off.....			352,098	146,563
			£6,775,991	£4,981,587

(a) Freehold and leasehold land and buildings are included on the following bases:—

Valuations in subsidiaries in:—

1961 .....	£ 129,500
1964 .....	968,300
1966 .....	632,500
Cost to the Company or its subsidiaries .....	1,672,008

£3,402,308

## Notes to the Accounts continued

6 (continued)

(b) The other fixed assets are included at cost to the Company or its subsidiaries after deducting investment grants receivable.

(c) The net book value of land and buildings comprises:—

	31st October 1967	31st July 1966
Freeholds .....	£ 2,530,668	£ 1,925,712
Leaseholds (mainly leases with more than 50 years unexpired) .....	773,184	631,583
	£3,303,852	£2,557,295

(d) Movements in fixed assets of the Group

	Land and buildings	Plant, machinery, fixtures and motor vehicles	Relay television installations	Television sets on rental	Total
Net balance at 31st July, 1966.....	£ 2,557,295	£ 1,728,302	£ 435,420	£ 114,007	£ 4,835,024
Attributable to subsidiaries acquired during the period.....	582,694	655,963	—	—	1,238,657
	3,139,989	2,384,265	435,420	114,007	6,073,681
Additions during the period.....	210,018	876,052	75,858	64,561	1,226,489
Investment grants .....	—	(67,360)	—	—	(67,360)
	3,350,007	3,192,957	511,278	178,568	7,232,810
Less: Disposals during the period.....	18,377	107,397	—	4,296	130,070
Depreciation for the period.....	26,428	547,822	48,291	54,414	676,955
Depreciation adjustments relating to prior years	1,350	16,496	—	(15,954)	1,892
Net balance at 31st October, 1967.....	£3,303,852	£2,521,242	£462,987	£135,812	£6,423,893

## 7 Trade Investments of the Group

The trade investments have been revalued by the Directors as at 31st October, 1967, and are stated below at the revalued amounts, the 1966 figures representing historical book values less provisions.

	31st October 1967	31st July 1966
Shares.....	£ 387,000	£ 1,611,004
Loans .....	(1,584)	890,320
	385,416	2,501,324
Less: Provisions for diminution in value and amounts written off.....	—	1,080,775
Net book value.....	£385,416	£1,420,549

Certain of the trade investments at 31st July, 1966, became subsidiaries during the period. These companies made revenue losses, less profits, attributable to the Group of approximately £385,000 from 1st August, 1966, up to the effective dates of their becoming subsidiaries. All losses (including the said £385,000) of these companies have been fully taken into account in the revaluation at 31st October, 1967, of interests in subsidiaries referred to in Note 18. The losses, less profits, of Archital Limited and its subsidiaries which are included in the consolidated profit before taxation from 26th May, 1967 (the date on which they became subsidiaries) to 31st October, 1967, amounted to £44,647. Two of the remaining trade investments operated profitably during the period and dividends receivable from them are included in the profit before taxation. The third trade investment is in Société Industrielle et Commerciale pour l'Emploi de l'Aluminium dans le Bâtiment ("ALUBAT"), which operates in France. The latest audited accounts of this company are for the year ended 31st December, 1966, the first period of trading, and the profit of that period was applied in writing down preliminary expenses. The Group's interest in ALUBAT is that a 50% owned trade investment has a 50% interest in the share capital, which consists in total of NF.10 million in ordinary shares.



## Notes to the Accounts continued

### 8 Stocks and Work in Progress

Stocks and work in progress have been valued at the lower of cost (with in the case of certain contracts the addition of a proportion of the profit earned to 31st October, 1967) and net realisable value. Cost is made up substantially of direct materials, direct labour and the appropriate proportion of overheads, which in the case of certain contracting companies includes selling expenses.

### 9 Bank Loans and Overdrafts

Bank loans and overdrafts of subsidiaries amounting to £1,002,786 (1966 £1,019,428) are secured.

### 10 Loans included in Deferred and Other Liabilities

	31st October 1967	31st July 1966
Bank term loans—repayable 31st January, 1969.....	£ 1,000,000	£ —
repayable 12th June, 1972.....	401,334	—
Other loans repayable not later than 1st February, 1968.....	—	410,000
Total for Pillar Holdings Limited.....	1,401,334	410,000
Bank term loans—repayable at varying dates up to 1974 (of which £90,545 (1966 Nil) is secured)	90,545	96,666
Sundry loans, mortgages and deferred purchase instalments—repayable at varying dates up to 1981 (of which £381,333 (1966 £142,416) is secured).....	486,520	292,102
	£1,978,399	£798,768

The bank term loans for Pillar Holdings Limited include a loan of U.S.\$ 1,117,720 recorded at £401,334, representing an average rate of U.S.\$ 2.79 to the £.

### 11 Other Liabilities included in Deferred and Other Liabilities

	31st October 1967	31st July 1966
Unpaid purchase considerations in relation to the acquisition of shares in subsidiaries, subsequently discharged, or to be discharged, by the issue of the appropriate number of shares in Pillar Holdings Limited.....	£ 111,917	£ 284,674

### 12 Goodwill arising on Consolidation and Consolidated Capital Reserves

Movements during the period in goodwill arising on consolidation and consolidated capital reserves were as follows:—

	Goodwill arising on consolidation	Capital Reserves		
		Share premium	General (see below)	Total
Balances at 31st July, 1966.....	£ 6,826,734	£ 6,239,259	£ —	£ 6,239,259
Add:				
Movements in connection with:—				
Acquisition of subsidiaries.....	3,375,122	2,170,737	—	2,170,737
Payment of balance of purchase considerations.....	—	112,462	—	112,462
Rights issue.....	—	1,193,826	—	1,193,826
Conversion of 6% loan stock.....	—	163,575	—	163,575
Appropriation from profit and loss account.....	—	—	20,715	20,715
Net adjustment arising upon the sale of interests in subsidiaries.....	—	—	29,683	29,683
Surplus on redemption of loan stock of subsidiaries.....	—	—	8,251	8,251
Surplus on revaluation of interest in subsidiaries (Note 18) and trade investments (Note 7).....	1,770,186	—	1,851,408	1,851,408
	11,972,042	9,879,859	1,910,057	11,789,916
Less:				
Amounts relating to subsidiaries sold or liquidated.....	118,711	—	—	—
Share issue expenses.....	—	55,222	—	55,222
Net loss on revaluation of fixed assets of subsidiary.....	—	—	10,869	10,869
Balances at 31st October, 1967.....	£11,853,331	£9,824,637	£1,899,188	£11,723,825

The appropriation of £20,715 from profit and loss account to general capital reserve shown above is in respect of the partial redemption out of profits of preference shares in an overseas subsidiary company. In arriving at the surplus on revaluation of the Company's interest in subsidiaries and the Group's trade investments, no provision has been made for any capital gains tax that might be payable if the investments concerned were disposed of at the valuation figures. The matter is a complicated one and if practicable the relevant information will be included in the 1968 accounts.

## Notes to the Accounts continued

### 13 Development and Other Expenditure Carried Forward

The expenditure carried forward, which is stated at cost less amounts written off, relates to subsidiaries and is made up as follows:—

	31st October 1967	31st July 1966
(a) Development expenditure in connection with relay television.....	£ 10,677	£ 14,390
(b) Promotional expenditure.....	5,028	7,745
(c) Pre-production expenditure.....	4,300	9,766
(d) Removal expenses.....	7,279	10,964
(e) Loan stock discounts.....	3,960	5,360
(f) Share issue and formation expenses.....	11,388	15,397
(g) Expenditure in connection with a special project.....	22,852	—
(h) Patents .....	12,981	—
	<b>£78,465</b>	<b>£63,622</b>

It is intended to write off (b), (c) and (h) over various periods not exceeding 5 years and (a), (d), (e) and (f) over various periods not exceeding 10 years.

The benefit of the expenditure (g) is expected to form part of the consideration for a proposed acquisition.

### 14 Debentures and Unsecured Loan Stock

	31st October 1967	31st July 1966
Pillar Holdings Limited:	£	£
6% Convertible unsecured loan stock 1983/88 (see below) .....	1,809,353	2,000,000
Subsidiaries:		
4½% Redeemable debentures (redeemable at the option of the subsidiary).....	91,000	107,600
6¼% Unsecured loan stock 1975.....	—	36,840
7% Unsecured loan stock 1970.....	80,000	90,000
6½% Unsecured loan notes 1957/68.....	10,944	22,000
8% Unsecured loan notes 1965/67.....	—	5,000
8¼% Debenture stock 1987/92.....	400,000	—
	<b>£2,391,297</b>	<b>£2,261,440</b>

Each holder of the 6% convertible unsecured loan stock 1983/88 has the right, on the dates and at the rates set out below, on giving notice in writing during the month of April in each year, to convert his loan stock (being £1 stock or a multiple thereof) into ordinary shares of 2s. each, fully paid, of Pillar Holdings Limited:—

*Number of ordinary shares of 2s. each  
receivable for every £100 loan stock*

30th April, 1968.....	133
30th April, 1969.....	125

### 15 Taxation Equalisation

The amount of £401,124 set aside for taxation equalisation represents, for the most part, the appropriate rates of taxation, including United Kingdom corporation tax at a rate of 42½%, on the excess of the book values in the accounts over the written down values for taxation purposes of the fixed assets of the Group that qualify for taxation allowances.

### 16 Stock Options and Share Warrants of a Subsidiary

In addition to the share options over ordinary shares in Pillar Holdings Limited (see Note 20), Indal Canada Limited has outstanding stock options and share warrants as follows:—

- (a) 80,000 common share warrants, issued to the holders of the preferred shares and expiring at 31st December, 1975, exercisable at Can.\$4.83 per share (subject to adjustment in certain circumstances);
- (b) Stock options in respect of 17,500 common shares exercisable at Can.\$4 per share up to 11th January, 1973.

If all these shares were issued, the Group's interest in Indal Canada Limited would be reduced from 74.5% to 66.7% of the equity.



## Notes to the Accounts continued

### 17 Fixed Assets of Pillar Holdings Limited

	31st October 1967			31st July 1966
	Cost	Accumulated depreciation	Net	Net
	£	£	£	£
Leasehold premises.....	42,662	4,891	37,771	20,856
Furniture, fixtures and fittings.....	18,681	6,083	12,598	13,198
Motor vehicles.....	9,989	3,917	6,072	7,861
	£71,332	£14,891	£56,441	£41,915
(1966)	£50,453	£8,538		

### 18 Interest in Subsidiary Companies

The interest in subsidiary companies has been revalued by the Directors as at 31st October, 1967, and is stated below at the revalued amounts, the 1966 figures representing historical book values.

	31st October 1967	31st July 1966
	£	£
Investments .....	10,411,000	5,465,533
Amounts owing by subsidiaries, including £610,873 (1966 £76,846) gross dividends receivable .....	10,074,838	8,065,121
	20,485,838	13,530,654
Less:		
Amounts owing to subsidiaries.....	1,595,930	448,881
	£18,889,908	£13,081,773

### 19 Share Capital and Unsecured Loan Stock of Pillar Holdings Limited

Movements in the issued share capital and unsecured loan stock have been as follows:—

	Number of ordinary shares of 2s. each fully paid	Nominal value	6% Convertible unsecured loan stock
		£	£
Balances at 31st July, 1966.....	15,835,115	1,583,511	2,000,000
Issued during the period in respect of:			
Acquisition of subsidiaries.....	4,637,625	463,762	—
Payment of balance of purchase considerations.....	259,328	25,933	—
Rights issue.....	3,183,537	318,354	—
Conversion of 6% loan stock.....	270,718	27,072	(190,647)
Balances at 31st October, 1967.....	24,186,323	£2,418,632	£1,809,353

### 20 Share Options of Pillar Holdings Limited

Under a share option scheme options have been granted to executives as follows:—

Date of Grant	Option Price	Number of ordinary shares covered by options		
		Outstanding at 31st July, 1966	Forfeited	Outstanding at 31st October, 1967
1st September, 1965	14s. 4d.	330,500	29,500	301,000
2nd February, 1966	14s. 7d.	5,000	—	5,000
7th July, 1966	15s. 5d.	10,000	—	10,000
		345,500	29,500	316,000

Since 31st October, 1967, options over 12,000 shares have been forfeited by individuals leaving the Group and none of the other options has been exercised.

The options are exercisable from time to time to the extent shown below:—

	Up to the aggregate extent of
Within one year from date of grant.....	Nil
Within two years from date of grant.....	25%
Within three years from date of grant.....	50%
Within four years from date of grant.....	75%
Within seven years from date of grant.....	100%

## Notes to the Accounts continued

### 21 Capital Reserves of Pillar Holdings Limited

Movements in capital reserves during the period have been as follows:—

	Share premium	General (see below)	Total
	£	£	£
Balances at 31st July, 1966.....	6,239,259	249,925	6,489,184
Movements in connection with:			
Acquisition of subsidiaries.....	2,170,737	—	2,170,737
Payment of balance of purchase considerations.....	112,462	—	112,462
Rights issue .....	1,193,826	—	1,193,826
Conversion of 6% loan stock.....	163,575	—	163,575
Excess of proceeds on liquidation of a subsidiary over that previously estimated.....	—	10,176	10,176
Surplus arising on revaluation of interest in subsidiaries (Note 18) and trade investments .....	—	1,851,408	1,851,408
	9,879,859	2,111,509	11,991,368
Less:			
Share issue expenses .....	55,222	—	55,222
Balances at 31st October, 1967.....	£9,824,637	£2,111,509	£11,936,146

In arriving at the surplus on revaluation of the Company's interests in subsidiaries and trade investments, no provision has been made for any capital gains tax that might be payable if the investments concerned were disposed of at the valuation figures. The matter is a complicated one and if practicable the relevant information will be included in the 1968 accounts.

### 22 Contingent Liabilities and Capital Commitments

(a) There were contingent liabilities at 31st October, 1967, in respect of:—

(i) guarantees of bank loans, overdrafts, mortgage and acceptance credits of:—

subsidiary companies (of which guarantees amounting to £767,000 have been cancelled since 31st October, 1967).....

associated companies .....

The Company  
£

The Group  
£

1,379,500  
42,500

—  
42,500

1,422,000

42,500

(ii) bills of exchange discounted by a subsidiary company.....

(iii) guarantees by the Company in respect of the performance of certain building contracts entered into by a subsidiary but in respect of which the Company has a corresponding counter indemnity from a third party.

(iv) a guarantee by the Company in respect of mortgage interest of £20,900 per annum payable by a subsidiary for a further nine years.

—

62,000

(b) There were commitments for which provision has not been made in these accounts in respect of the following:—

(i) capital expenditure (of which £25,000 relates to Canadian subsidiaries).....

(ii) the purchase of preference shares in a subsidiary company by annual instalments on 1st July from 1969 to 1972.....

(iii) an increase in the purchase consideration for a subsidiary company acquired during the period which will be determined by reference to future profits, the maximum amount being.....

(iv) under the terms of an agreement whereby the Group's interest in a former trade investment was sold, the consideration may be increased or decreased. At the present time there is no reason to expect any material variation.

—

442,000

—

87,500

50,000

50,000

(c) Options have been granted to outside shareholders of certain subsidiaries and associated companies whereby, at varying future dates, Group companies may be required to purchase their shareholdings at prices related to future profits. The total cost, if based on results up to 31st October, 1967, would amount to.....

458,000

609,000

(d) Third parties have been granted options exercisable in certain circumstances at varying dates until 31st December, 1985, to acquire all or part of the Group's interest in three subsidiaries. If these options were exercised, the sale prices would, at the present level of earnings of the subsidiaries concerned, approximate to the valuations attributed to these interests.

(e) Of the amounts shown for (a) to (c) above, there would be payable in overseas currencies, by Group companies resident in the United Kingdom, the equivalent of.....

977,000

60,500

### 23 Conversion of Overseas Currencies

Amounts in overseas currencies have been converted at the following rates:—(a) Canadian \$3 to the £; (b) French francs 13.64 to the £; (c) Deutschmarks 11 to the £. See also Note 10 as regards the conversion of the U.S. dollar loan.



## Report of the Auditors

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### Report of the Auditors to the Members of Pillar Holdings Limited

In our opinion, based on our examination and the reports of the auditors of certain subsidiaries not audited by us, the accounts set out on pages 16 to 25 together give a true and fair view of the state of affairs at 31st October, 1967, and of the profit for the period ended on that date and comply with the Companies Act, 1948.

London, 28th February, 1968.

McCLELLAND, MOORES & CO.,  
COOPER BROTHERS & CO.,  
*Chartered Accountants.*



Steel and aluminium in Canada



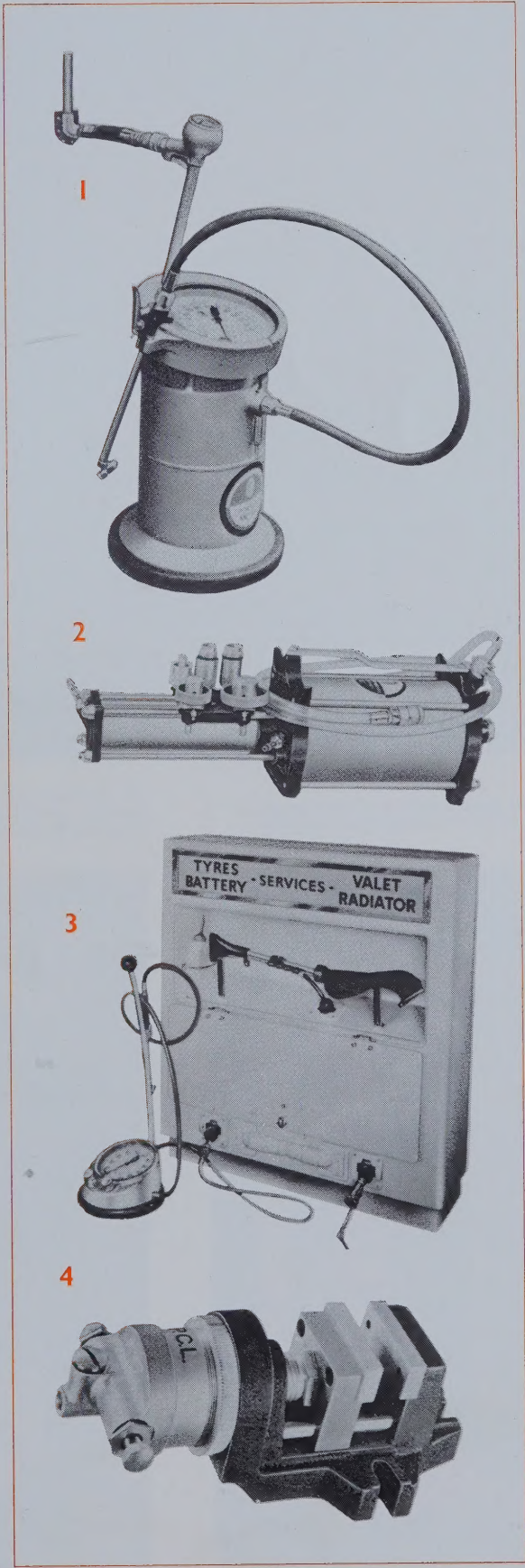
**Top Left** Food warehouse in Toronto showing steel roll-formed wall panels manufactured by Eastland Metals Limited (Architects—A. Epstein & Sons Limited).

**Bottom Left** Garage forecourt pay office designed by Commercial Aluminum Products Limited and made from aluminium extruded by Indalex Limited. The basic structure can be easily adapted for other purposes.

**Right** Products manufactured by Pneumatic Components Limited

1. Portable lightweight tyre inflater with built-in air reservoir.
2. Pneumatically pressurised, one-man, portable, brake-bleed unit.
3. Garage forecourt, tyre, radiator, battery and vacuum cleaning unit—self-service.
4. Small pneumatic machine vice with instant opening and closing for repetitive machining work.

Engineering in the United Kingdom





## Aluminium Home Improvements Limited



Through Aluminium Home Improvements Limited, the Group has its own marketing outlet for aluminium and glass building components, designed and supplied almost entirely from within the Group, for use, in particular, in the improvement of domestic housing.

The "Transform" bath enclosure, left, finished in bright anodised aluminium and frosted glass, can be installed on top of an existing bath and eliminates the use of plastic curtains.



Weatherproof louvre window recommended for use, particularly, in kitchens and bathrooms. (Below)

The "Quebec" storm door, designed to exclude the elements, can be fitted where the erection of a porch is impractical or impossible. (Below)

The "Greenland" double glazed storm window, framed in slender acrylic-painted aluminium, is so unobtrusive as not to detract from the appearance of the original window. (Above and below)

